

MetLife Services Limited

**Directors' Report and Audited Financial Statements
For the Year Ended 31 December 2010**

Registration number: 1911011

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Contents	Page
Directors and other information	2
Directors' report	3-6
Statement of directors' responsibilities	7
Independent auditor's report	8-9
Profit and loss account	10
Balance sheet	11
Notes to the Financial Statements	12-19

MetLife Services Limited
Directors and Other Information
For the Year Ended 31 December 2010

DIRECTORS

Nicolas Hayter
Colin Moody

SECRETARY

Stephen Bland

REGISTERED OFFICE

One Canada Square
Canary Wharf
LONDON E14 5AA

AUDITORS

Deloitte LLP
LONDON

SOLICITORS

CMS Cameron McKenna LLP
Mitre House
160 Aldersgate Street
LONDON EC1A 4DD

MetLife Services Limited
Directors' Report
For the Year Ended 31 December 2010

The Directors present their report and the audited financial statements of the company for the year ended 31 December 2010

Principal Activity

The company's principal activity is to provide distribution, loss adjusting, administration of insurance claims, administrative, management, employment and other services to various MetLife group companies

Business Review

The company's profit before taxation for the year is set out in "Results and dividends" below

On 1 June 2010, the Company entered into an asset purchase agreement with MetLife Europe Services Limited whereby it was agreed to purchase the whole of the property, undertaking and business of MetLife Services Limited. The only assets and liabilities excluded in the asset purchase agreement were the MetLife Services Limited bank accounts. MetLife Europe Services Limited agreed to assume all the liabilities and obligations of MetLife Services Limited from the date of the agreement

As a result of the above transfer the Company only traded for five months in the year. This resulted in a decrease in turnover. The reduction in profit is due to a reduction of the mark-up charged to UK based life insurance entities during the year and the decrease in trading period versus the prior year.

The financial statements have been prepared on a basis other than that of a going concern as discussed in note 1. Following the net asset purchase agreement on 01 June 2010, no further business transactions were conducted within the company. The financial statements include the adjustments that result from the other than going concern preparation basis.

Results and Dividends

	2010 £	2009 £
The company's profit / (loss) has been as follows		
Before tax	31,542	80,825
After tax	32,198	58,194

The directors do not propose the payment of a dividend for the year (2010- £ nil)

Future Developments

The company transferred all assets and liabilities to MetLife Europe Services Limited on the 1st of June 2010, a new Irish based service company. After the date of transfer, no further business transactions were conducted within the company. As at the date of signing the accounts the Company had been registered as deauthorised with the Financial Services Authority.

MetLife Services Limited
Directors' Report (continued)
For the Year Ended 31 December 2010

Directors

The following served as directors throughout the year and up to the date of this report:

Name of Director

Rhea Adler (resigned 16 August 2010)
Curt Breckon (resigned 08 October 2010)
Peter Croucher (resigned 30 June 2010)
Nicolas Hayter
Colin Moody
Lee Pollard (resigned 03 August 2010)

MetLife Services Limited
Directors' Report (continued)
For the Year Ended 31 December 2010

Principal risks, uncertainties and financial instruments

The Company is subject to financial risk, the exposure to which is set out below

The Company has no investments and exposure to interest rate risk and liquidity risk is therefore small

The Company's activities are transacted primarily in sterling, however, the volume of non-sterling expenses has increased throughout the 5 month period which the business was trading in 2010. The Company has been exposed to currency risk as a result of the potential mismatch between the rates at which non-sterling currencies have been purchased and the rates at which they are reimbursed, due to the different timing of these transactions. Procedures were in place during the year to reduce the exposure to currency risk.

Credit risk arises on accounts receivable for claims handling and management services. Amounts are primarily receivable from fellow subsidiary undertakings for which management is able to make adequate regular assessments of creditworthiness.

Employment of disabled people

Applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable employees who become disabled during employment to continue their careers with the company. Opportunities for training, career development and promotion of disabled persons are, as far as possible, identical to those available to other employees who are not disabled.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed by written communications and meetings on matters affecting them as employees and on the various factors affecting the company's business.

Disclosure of information to auditors

Each of the persons who is a director at the date of approval of this report confirms that

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s. 418 of the Companies Act 2006.

MetLife Services Limited
Directors' Report (continued)
For the Year Ended 31 December 2010

Auditors

The company has elected to dispense with the obligation to appoint auditors annually. Deloitte LLP has indicated its willingness to continue in office.

Approved by the Board and signed on its behalf by

A handwritten signature in black ink, appearing to read 'N Hayter'.

N Hayter
Director

Registered Office
One Canada Square
Canary Wharf
London
E14 5AA

MetLife Services Limited
Directors' Responsibilities Statement
For the Year Ended 31 December 2010

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

We have audited the financial statements of MetLife Services Limited for the year ended 31 December 2010 which comprises of the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at the 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements, which explains that the financial statements have been prepared on a basis other than that of a going concern. The company transferred all assets and liabilities to MetLife Europe Services Limited on 01 June 2010, a new European based service company. After the date of transfer, no further business transactions were conducted within the company. The financial statements include the adjustments that result from the other than going concern preparation basis.

Opinion on other matter prescribed by the Companies Act 2006

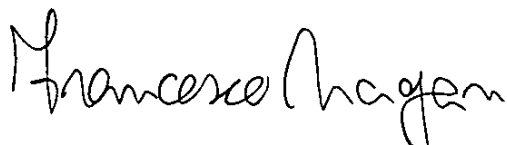
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent Auditor's Report (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Francesco Nagari (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, UK

30 September 2011

MetLife Services Limited
Profit and Loss Account
For the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover			
Pass through expenses		15,677,427	43,976,807
Distribution		5,705,180	8,903,488
Shared services		<u>2,163,443</u>	<u>5,845,558</u>
	1 (b)	<u>23,546,050</u>	<u>58,525,853</u>
Administration expenses			
Pass through expenses		(15,677,427)	(43,976,807)
Distribution		(5,705,180)	(8,903,488)
Shared services		<u>(2,139,056)</u>	<u>(5,576,825)</u>
	4	<u>(23,521,663)</u>	<u>(58,457,120)</u>
Operating profit		24,387	68,733
Interest receivable		7,155	12,092
Profit on ordinary activities before taxation		<u>31,542</u>	<u>80,825</u>
Tax credit/(charge) on profit on ordinary activities		656	(22,631)
Profit on ordinary activities after taxation		<u>32,198</u>	<u>58,194</u>
Profit for financial year		<u>32,198</u>	<u>58,194</u>

The results are all derived from discontinued operations


There is no statement of total recognised gains and losses as there are no gains or losses other than those recognized above in either the current or preceding year

The accounting policies and notes on pages 12 to 19 form an integral part of these financial statements.

MetLife Services Limited
Balance Sheet
For the Year Ended 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	8	-	<u>1,575,630</u>
Current assets			
Cash at bank or in hand		-	4,631,723
Amounts owed by groups undertaking	9	3,334,251	3,112,455
Corporation tax receivable	12	-	53,857
Other debtors	10	-	840,426
Deferred taxation asset	11	-	<u>220,503</u>
Total current assets		<u>3,334,251</u>	<u>8,858,965</u>
Total assets		<u>3,334,251</u>	<u>10,434,595</u>
Creditors: amounts falling due within one year			
Amounts owed to group undertakings	9	-	1,705,050
Corporation tax payable	12	24,510	-
Trade creditors	13	-	4,157,027
Accruals and deferred income	14	-	1,294,975
Total current liabilities		<u>24,510</u>	<u>7,157,052</u>
Net current assets		<u>3,309,741</u>	<u>1,701,913</u>
Total assets less current liabilities		<u>3,309,741</u>	<u>3,277,543</u>
Total assets less total liabilities		<u>3,309,741</u>	<u>3,277,543</u>
Shareholders' funds			
Called up share capital	15	1,000,002	1,000,002
Profit and loss account	16	2,309,739	2,277,541
Total equity shareholders' funds	16	<u>3,309,741</u>	<u>3,277,543</u>

The financial statements were approved by the Board of Directors, authorised for issue and signed on its behalf by.


N Hayter
Director

30 September 2011

MetLife Services Limited
Notes to the Financial Statements
For the Year Ended 31 December 2010

1. Principal accounting policies

(a) Basis of preparation

The accounts have been prepared on a liquidation basis, and in accordance with applicable law and accounting standards in the United Kingdom

The financial statements have been prepared on a basis other than that of a going concern. The company transferred all assets and liabilities to MetLife Europe Services Limited on 01 June 2010, a new European based service company. After the date of transfer, no further business transactions were conducted within the company. The financial statements include the adjustments that result from the other than going concern preparation basis.

The company has taken advantage of the exemption under FRS 1 (revised 1996) Cash Flow Statements, not to present a cash flow statement on the basis that the company is 100% controlled by MetLife Inc. whose financial statements are publicly available and include a consolidated cash flow statement incorporating the cash flows of the company.

(b) Turnover

Turnover represents the amount derived from the pass through of expenses paid on behalf of various MetLife group companies and the provision of services including distribution, loss adjusting, administration of insurance claims, administrative, management, employment and other services, which fall within the company's ordinary activities, and is stated net of value added tax.

	2010	2009
	£	£
MetLife Europe Limited (UK branch)	5,953,055	15,643,796
MetLife Europe Limited (head office)	2,122,172	6,940,094
MetLife Insurance Limited	952,422	4,463,260
MetLife Investments Limited	2,484,523	4,126,823
MetLife Assurance Limited	2,837,953	7,348,988
MetLife Limited	401,525	1,912,826
MetLife International Inc	889,727	3,394,148
MetLife Pension Trustees Limited	<u>36,050</u>	<u>146,873</u>
Pass through	15,677,427	43,976,807
Distribution – MetLife Europe Limited (UK branch)	5,705,180	8,903,488
Shared services	<u>2,163,443</u>	<u>5,645,558</u>
Total turnover	<u>23,546,050</u>	<u>58,525,853</u>

MetLife Services Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2010

Principal accounting policies (Continued)

(c) Taxation

Corporation tax is applied on taxable profits or losses at the current tax rate

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their treatment for tax purposes on an undiscounted basis. Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(d) Pensions

The company makes contributions to personal pension schemes operated by other organisations on behalf of its staff. The amount charged against profits represents the contributions payable for the year.

(e) Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and provision for any impairment. Depreciation is provided on all fixed assets to write off cost less residual value on a straight-line basis commencing with the month of purchase, up to and including the months of disposal at the annualised rates shown below.

	%
Fixtures, fittings and equipment	20%
Computer equipment and software	25%-33%
Leasehold improvements	10%-20%

(f) Accruals

Expenses are accrued for when an obligation to a third party has been incurred and a reasonable estimate of the cost is available.

(g) Operating expenses

Rentals payable under operating leases are charged to the profit and loss account as incurred over the lease term.

(h) Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at rates of exchange prevailing at the year-end. Profit and loss account balances in foreign currencies are translated at average exchange rates and the resultant foreign exchange differences are taken to the profit and loss account.

MetLife Services Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2010

2. Directors' remuneration and transactions

	2010 £	2009 £
Directors' emoluments in respect of qualifying services to the company were as follows		
Payments for loss of office	-	316,723
Other emoluments	399,495	591,842
Pension fund contributions	<u>25,170</u>	<u>84,530</u>
	<u>424,665</u>	<u>993,095</u>
The number of directors to whom retirement benefits are accruing in respect of qualifying services was		
Money purchase schemes	2	4
Remuneration to highest paid director, being		
Emoluments	175,175	268,934
Pension	<u>11,619</u>	<u>27,739</u>
	<u>186,794</u>	<u>296,673</u>

3. Profit on ordinary activities before taxation

	2010 £	2009 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration in respect of:		
Audit services- fees payable to the company's auditors for the audit of the company's annual accounts	31,327	30,800
Depreciation	330,570	606,621
Operating lease rentals	805,635	3,001,505

4. Administration expenses

	2010 £	2009 £
Staff costs	13,326,930	26,931,950
Other expenses	<u>10,194,733</u>	<u>31,525,169</u>
	<u>23,521,663</u>	<u>58,457,119</u>

MetLife Services Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2010

5. Staff

	2010 £	2009 £
Staff cost were as follows		
Salaries and wages	11,098,392	22,825,921
Social security costs	1,473,081	2,259,793
Pensions costs	<u>755,457</u>	<u>1,846,236</u>
	<u>13,326,930</u>	<u>26,931,950</u>
Average number of employees during the period	<u>251</u>	<u>240</u>

The average number of employees during the year was calculated over a five month period instead of twelve. This was due to the fact that the company only had employees from the 1st January 2010 to the 1st June 2010.

The company contributes to personal pension schemes in the name of individual employees. The pension cost for the year represents contributions payable by the company to the schemes. At the end of the period contributions outstanding were £0 (2009 £13,371).

6. Operating lease

	2010 £	2009 £
Total operating lease rental charged as an expense in the profit and loss for the period was as follows		
Amounts paid	<u>805,635</u>	<u>3,001,505</u>
Committed spend in future years is as follows		
Within 1 year	-	2,188,264
2 to 5 years	-	3,473,732
Over 5 years	-	1,124,382

MetLife Services Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2010

7. Taxation

a) Analysis of charge

	2010 £	2009 £
The charge for taxation comprises		
Current tax:		
Current year UK corporation tax	33,707	(39,857)
Adjustment to prior year's tax provision	-	-
	<u>33,707</u>	<u>(39,857)</u>
Deferred tax:		
Adjustment to prior years balance		-
Change in tax rate		-
Origination and reversal of timing differences- Note 11	<u>(34,363)</u>	<u>62,488</u>
	<u>(656)</u>	<u>22,631</u>

b) Factors affecting the tax charge for the year

	2010 £	2009 £
Profit on ordinary activities before tax	<u>31,542</u>	<u>80,825</u>
Profit on ordinary activities multiplied by the average standard rate in the UK during the year- 28 % (2009 28%)	8,832	22,631
Effects of		
Short term timing difference	=	<u>(62,488)</u>
Adjustment to prior years tax provision		
Excess disallowable expenses	<u>24,875</u>	=
Current tax charge for the year	<u>33,707</u>	<u>(39,857)</u>

MetLife Services Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2010

8. Fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Computer equipment & software £	Total £
Cost or valuation				
At 1 January 2010	1,964,482	207,404	1,627,892	3,799,878
Additions	212,706	3,783		216,489
Disposals			(729,789)	(729,789)
Transfer to group company	(2,177,188)	(211,287)	(898,103)	(3,286,578)
At 31 December 2010	=	=	=	=
Accumulated depreciation				
At 1 January 2010	749,713	72,646	1,401,889	2,224,248
Charge for the year	299,952	19,111	64,917	383,979
Depreciation write back	-	-	(88,694)	-
Disposals	-	-	(729,789)	-
Transfer to group company	(1,049,665)	(91,757)	(648,323)	(1,789,745)
At 31 December 2010	=	=	=	=
Net book value at 31 December 2010	-	-	-	-
Net book value at 31 December 2009	1,214,769	134,858	226,003	2,093,227

9. Amounts owned by/ to group undertakings

	2010 £	2009 £
Amounts owed by group undertakings	<u>3,334,251</u>	<u>3,112,455</u>
Amounts owed to group undertakings	=	<u>1,705,050</u>

10. Other debtors

	2010 £	2009 £
Prepayment	-	307,790
Sundry debtors	=	<u>532,636</u>
	=	<u>840,426</u>

MetLife Services Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2010

11. Deferred tax

The deferred tax balances are as follows

	2010 £	2009 £
Capital allowances		
Short-term timing differences	=	<u>220,504</u>
Balance at beginning of year	220,504	282,991
Adjustment to prior years' balance	-	-
Change in tax rate	-	-
Arising during the year- Note 7a	34,363	(62,488)
Transferred to group company	<u>(254,867)</u>	=
Balance at end of year asset/ (liability)	=	<u>220,504</u>

Deferred tax assets have not been discounted

12. Taxes receivable/ (payable)

	2010 £	2009 £
Corporation tax	<u>(24,510)</u>	<u>53,857</u>

13. Trade creditors

	2010 £	2009 £
Rent	-	348,821
Other expenses	=	<u>3,808,206</u>
	=	<u>4,157,026</u>

14. Accruals and deferred income

	2010 £	2009 £
Staff costs accrued	-	1,037,120
Other expenses accruals	=	<u>257,856</u>
	=	<u>1,294,976</u>

MetLife Services Limited
Notes to the Financial Statements (continued)
For the Year Ended 31 December 2010

15. Share capital

	2010 £	2009 £
Authorised		
5,000,000 ordinary shares of £1 each (2009: 5,000,000)	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid		
1,000,002 ordinary shares of £1 each (2009: 1,000,002)	<u>1,000,002</u>	<u>1,000,002</u>

16. Reconciliation of movements in shareholders' funds

	Share Capital	Profit and loss account £	Shareholders' funds £
Balance at 1 January 2010	1,000,002	2,277,540	3,277,542
Net profit for the period			
Balance at 31 December 2010	1,000,002	2,309,739	3,309,741

17. Related party transactions

The company is 100% owned by MetLife International Holdings Inc, and therefore, as permitted by FRS 8 "Related Party Disclosures", paragraph 3c, has taken advantage of the exemption from disclosure of transactions with entities that are part of the MetLife Inc group of companies, as consolidated financial statements for that group are publicly available.

18. Subsequent events

There were no subsequent events which require amendments to or disclosure in the financial statements.

19. Parent companies

The company's ultimate parent company is MetLife Inc, which is incorporated in the United States of America under the laws of the State of Delaware. MetLife Inc is the largest group in which the results of MetLife International Inc are included. Copies of these group accounts are available to the public and may be obtained from their offices at Investor Relations Department, 1095 Avenue of the Americas, New York, New York 10036, United States of America.

The parent undertaking of the company which also heads the smallest group of undertakings for which consolidated financial statements are drawn up is MetLife International Inc, which is incorporated in the United States of America under the laws of the State of Delaware. Copies of that company's group financial statements can be obtained from their offices at Investor Relations Department, 1095 Avenue of the Americas, New York, New York 10036, United States of America.